

## TO PROVIDE FOR THE DISPOSITION OF THE PHILADELPHIA ARMY BASE, PHILADELPHIA, PA.

JULY 23, 1959.—Ordered to be printed

Mr. JACKSON, from the Committee on Armed Services, submitted the following

### REPORT

[To accompany S. 2210]

The Committee on Armed Services, to whom was referred the bill (S. 2210) to provide for the disposition of the Philadelphia Army Base, Philadelphia, Pa., having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

On page 2, after line 4, add the following new section:

SEC. 3. Within at least 30 days prior to execution of the quitclaim deed, the Secretary of the Army shall report to the Committee on Armed Services of the Senate and of the House of Representatives his determination of the fair market value of the property authorized to be conveyed by section 1.

#### EXPLANATION OF THE AMENDMENT

The purpose of this amendment is to inform the Committees on Armed Services of the Secretary's determination of the value of the property to be conveyed.

#### PURPOSE OF THE BILL

The purpose of this bill is to authorize the Secretary of the Army to convey on or before June 30, 1960, to the city of Philadelphia, at fair market value, the real property under his jurisdiction located at the Philadelphia Army Base, Philadelphia, Pa. The property to be conveyed consists of approximately 53.75 acres of land, together with all appurtenances pertaining thereto, and all improvements located thereon, which includes South Delaware piers 96, 98, and 100.

## BACKGROUND OF THE BILL

The Philadelphia Army Supply Base was completed in 1921 after its establishment as part of a chain of Atlantic coast bases to supply the forces overseas which had been authorized during World War I. Of the original 119.76 acres acquired for the Army base, 53.75 acres remain, which originally cost \$506,049, together with three piers of concrete construction and supporting facilities, such as railroad sidings, powerhouse, and lumber storage areas. The cost of improvements amounted to \$12,850,500. In order to provide for the maintenance of the installation for possible future military use, the Secretary of War in 1921 permitted the U.S. Shipping Board, and its successor in interest, the Maritime Administration, Department of Commerce, to provide for its productive use by leasing the piers to private enterprise. This arrangement continued until June 30, 1954, when the Maritime Administration relinquished its management of the property to the Department of the Army.

A Department of the Army survey of the property early in 1954 disclosed that repairs and deferred maintenance at a cost of approximately \$1,250,000 were required. The Department of the Army did not have funds for this purpose. Army disposal project No. 26 was submitted to the Armed Services Committees on April 8, 1954, outlining plans to amend the existing lease with Philadelphia Piers, Inc., to provide for repair and maintenance work to be performed by the lessee.

The House committee agreed in Army disposal project No. 26, with the understanding that it would be consulted when the amendment to the lease was negotiated. The Senate committee interposed no objection to the project "provided the approval of the Bureau of the Budget is obtained." The Director, Bureau of the Budget, in December 1954, advised the Assistant Secretary of Defense (Properties and Installations) that the Bureau did not approve the proposed lease arrangement and recommended that the Philadelphia Army Supply Base be disposed of by sale in accordance with the Federal Property and Administrative Services Act of 1949, indicating at the same time that the availability of the property during a future emergency could be assured by sale subject to the equivalent of a modified national security clause. The Assistant Secretary of Defense advised the Director, Bureau of the Budget, in February 1955 that action would be taken to report the facilities to the General Services Administration as excess property, but that the proposal to dispose of it subject to the right of recapture during an emergency was not favorably considered because of its adverse effect on the monetary return to the Government.

The Department of the Army on May 5, 1955, submitted to the respective Committees on Armed Services, Army disposal project No. 56, outlining the Army's proposal to report the property to the General Services Administration as excess real property. While the House committee interposed no objection, the Department did not reach an agreement on the disposal project with the Senate committee, nor on two subsequent revised projects, Nos. 56A and 56B.

During the 46 months between July 1, 1954, and April 30, 1958, gross rentals amounting to \$1,817,642.18 accrued to the Government for use of the piers, plus \$20,209.02 from a cafeteria operator. The

lessee of the piers was authorized in the same period to perform minimum essential maintenance and repair at a total cost of \$661,921.27, which was deducted from the rentals earned. It was estimated that an additional \$1,775,950 would have to be spent to bring the facilities to a minimum condition of repair and maintenance. The lease of the piers and related facilities was terminated by the lessee effective April 30, 1958. In order to protect the Government's substantial investment in the property, pending action on this project, an interim 1 year lease extension was effected with the lessee under the best terms possible in the circumstances. The property is presently under lease to the Philadelphia Piers, Inc., with the current lease term extending to April 30, 1960.

It has now been determined that the Department of the Army has no mobilization requirement for the Philadelphia Army Supply Base. Since neither the Departments of the Navy or Air Force has a requirement for the property, it is excess to the needs of the Department of Defense. Accordingly, the property is available for disposal without restrictions as to the use to be made thereof by the purchaser.

#### FISCAL DATA

Enactment into law of this measure will not involve the expenditure of any Federal funds, but will result in the receipt to the United States of an amount equal to the fair market value of the property as determined by the Secretary of the Army.

#### DEPARTMENTAL DATA

The Department of the Army has indicated that the property is excess to its needs as set forth in the letter dated July 16, 1959, signed by Secretary of the Army Wilber M. Brucker, which is printed below and made a part of this report. Secretary Brucker states that while the property can be disposed of under existing legislation, the Department of the Army does not object to the conveyance to the city of Philadelphia at fair market value.

Subsequent to the submission of Secretary Brucker's letter, the committee was advised that the Bureau of the Budget has no objection to this legislation.

JULY 16, 1959.

Hon. RICHARD B. RUSSELL,  
*Chairman, Committee on Armed Services,*  
*U.S. Senate.*

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 2210, 86th Congress, a bill "To provide for the disposition of the Philadelphia Army Base, Philadelphia, Pa." The Secretary of Defense has delegated to the Department of the Army the responsibility for expressing the views of the Department of Defense thereon.

The Department of the Army, on behalf of the Department of Defense interposes no objection to enactment of this bill, the purpose of which is stated in its title. The bill would authorize the conveyance of the Philadelphia Army Supply Base with its pier facilities to the city of Philadelphia on or before June 30, 1960, at the fair market

value of the property as determined by the Secretary of the Army and upon such terms and conditions and including such reservations as the Secretary of the Army determines to be in the public interest.

The land involved comprises 53.75 acres at the foot of Oregon Avenue on the Delaware River, Philadelphia acquired during World War I and developed for marine terminal utilization. Background historical data concerning the use of the property was set forth in letter, dated August 1, 1958, reporting the views of the Department of Defense with respect to S. 3726, 85th Congress. Additional data is contained in House of Representatives Report No. 2548, dated August 12, 1958, on H.R. 12640, 85th Congress, which is a similar bill.

The property described in S. 2210 is now excess to the needs of the Department of Defense and there is no known foreseeable defense use for it. This Department has since 1955 accordingly sought agreement with the respective Committees on Armed Services under title VI of the act of September 28, 1951 (65 Stat. 365) and its codification in title 10, United States Code, section 2662 in the report of the property to General Services Administration for disposal in accordance with the Federal Property and Administrative Services Act of 1949. In the interim, the property has been leased to the Philadelphia Piers, Inc. with the current lease term extending to April 30, 1960.

Though this property can be disposed of under existing legislation this Department does not object to a conveyance to the city of Philadelphia at the fair market value. Accordingly, no objection is interposed to S. 2210 which contains requisite authority for conveyance of the property to the city of Philadelphia at the fair market value as determined by the Secretary of the Army.

Enactment of this legislation will have no effect on the budgetary requirements of the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

Inasmuch as the committee requested that the report be submitted on an expedited basis, a determination has not been made of the position of the Bureau of the Budget. As soon as advice is received concerning the Bureau of the Budget views on the report it will be transmitted to your committee.

Sincerely yours,

WILBER M. BRUCKER, *Secretary of the Army.*

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